

ORDINANCE NO. 20070322-027

AN ORDINANCE approving the extension of the expiration date of the Letter of Credit and approving and authorizing amendments to the Letter of Credit Reimbursement Agreement relating to the "City of Austin, Texas, Combined Utility Systems Commercial Paper Notes, Series A"; resolving other matters incident and related thereto; and declaring an emergency.

WHEREAS, pursuant to Ordinance No. 930318-A, as amended by Ordinance No. 961121-A and Ordinance No. 980513-A (collectively, the "Ordinance"), "CITY OF AUSTIN, TEXAS COMBINED UTILITY SYSTEMS COMMERCIAL PAPER NOTES, SERIES A" (the "Notes") up to an aggregate principal amount of \$350,000,000 have been duly authorized, issued and sold and resold by the City of Austin, Texas (the "City") to finance the costs of additions, improvements and extensions to the City's Waterworks and Sewer System and the City's Electric Light and Power System (hereinafter collectively referred to as the "Systems") in accordance with the provisions of V.T.C.A., Government Code, Chapter 1371; and

WHEREAS, to provide liquidity and security for the payment of such Notes, the City entered into a Letter of Credit Reimbursement Agreement, dated as of April 1, 2000, with JPMorgan Chase Bank (as successor to Morgan Guaranty Trust Company of New York), Bayerische Landesbank (as replacement Bank for Dexia Credit Local de France), and State Street Bank and Trust Company, as amended by Amendment One to Letter of Credit Reimbursement Agreement, dated as of June 12, 2002 (as so amended, the "Reimbursement Agreement") pursuant to which the Banks issued a Letter of Credit dated June 12, 2002 securing the Notes (the "Letter of Credit"); and

WHEREAS, the expiration date for the Letter of Credit is March 29, 2007 and the City has submitted a request to JPMorgan Chase Bank, as Agent, for the extension of such expiration date; and

WHEREAS, the Banks have agreed to extend the expiration date for the Letter of Credit to March 29, 2010 conditioned upon a change in the terms of the commitment fee and letter of credit fee as set forth in a consent letter dated March 29, 2007 from the Banks (the "Consent Letter"); and

WHEREAS, the Consent Letter has been submitted to the City for approval and acceptance; and

WHEREAS, the City Council hereby finds and determines that the Consent Letter with respect to the Letter of Credit and the Reimbursement Agreement should be approved and authorization for its execution provided; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS:

SECTION 1. Approval and Authorization for Execution. The extension of the expiration date of the Letter of Credit to March 29, 2010 is hereby approved, and the Consent Letter from JPMorgan Chase Bank (successor to Morgan Guaranty Trust Company of New York), State Street Bank and Trust Company, and Bayerische Landesbank, substantially in the form attached hereto as Exhibit A and incorporated herein by reference as a part hereof for all purposes, is hereby approved. The City Treasurer and City Attorney are hereby authorized and directed to execute the Consent Letter for and on behalf of the City. All actions by officials of

the City prior to the date hereof with respect to the extension of the Letter of Credit expiration date are hereby ratified, confirmed and approved.

SECTION 2. Ratification. Save and except as amended by the Consent Letter, effective as of March 29, 2007, no other changes or modification are approved to be made to the Reimbursement Agreement, and such Reimbursement Agreement as modified by the Consent Letter is hereby declared to be the Reimbursement Agreement by and between the City and the Banks from and after its execution and effective date of March 29, 2007.

SECTION 3: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given; all as required by V.T.C.A., Government Code, Chapter 551, as amended.

SECTION 4: Emergency. The public importance of this measure and the fact that the extension of the expiration date of the Letter of Credit and the acceptance and execution of the Consent Letter in connection therewith should be approved as quickly as possible constitute an emergency for the immediate preservation of the public peace, health and safety of the citizens of the City and creates an emergency requiring the suspension of the rule providing for ordinances to be read on three separate days; and such rule relating to the passage of ordinances and the Charter provision relating to the effective date of ordinances are hereby suspended and this Ordinance is hereby passed as an emergency measure and shall be effective immediately upon its passage and adoption as provided by the Charter of the City.


*[Remainder of page intentionally left blank]*

PASSED AND ADOPTED, this March 22, 2007.

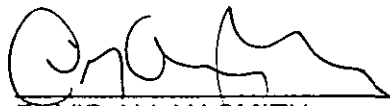
CITY OF AUSTIN, TEXAS

ATTEST:

  
SHIRLEY A. GENTRY  
City Clerk

  
WILL WYNN  
Mayor

APPROVED:

  
DAVID ALLAN SMITH  
City Attorney

(SEAL)





Katharine W. Orton  
Managing Director  
Municipal Credit

March 14, 2007

Mr. Art Alfaro  
Treasurer  
City of Austin  
Finance and Administrative Services  
700 Lavaca, Suite 1510  
Austin, TX 78701

RE: Letter of Credit Reimbursement Agreement dated as of April 1, 2000 and amended as of June 12, 2002 and March 29, 2004 (the "Agreement") among the City of Austin, Texas, the Banks Signatory Thereto and JPMorgan Chase Bank formerly known as Morgan Guaranty Trust Company of New York, as Agent, supporting the City of Austin, Texas Combined Utility Systems \$350,000,000 Commercial Paper Notes, Series A

Dear Art:

Pursuant to your request to extend the above referenced facility, please be advised that this letter (the "Consent Letter"), is to serve as written confirmation of the Banks' agreement to your request. Specifically, the following changes to the Agreement are hereby agreed and consented to by the Banks:

- The *Commitment Expiration Date* and the *Letter of Credit Expiration Date* are hereby extended to March 29, 2010.
- The definitions of "*Applicable Commitment Fee Percentage*" and "*Applicable Letter of Credit Fee*" contained in Section 1.01 of the Agreement are hereby deleted in their entirety and hereby amended to read in their entirety as follows:

"*Applicable Commitment Fee Percentage*" means .14% calculated in accordance with the provisions of Section 2.08(b) of the Agreement.

"*Applicable Letter of Credit Fee Percentage*" means .24% calculated in accordance with the provisions of Section 2.08(a) of the Agreement.

All other terms and conditions remain unchanged. Terms used but not otherwise defined herein are used as defined in the Agreement.

This Consent Letter may be executed in one or more counterparts and by different parties on separate counterparts, but all such counterparts shall together constitute one and the same agreement.

JPMorgan Chase Bank • 601 Travis, Floor 18 • Houston, Texas 77002  
Telephone: (713) 216-5345 • Facsimile: (713) 216-2052 • Mobile: (713) 562-7856  
kathy.orton@jpmorgan.com

Page 2

The foregoing terms and conditions are hereby accepted and agreed to as of the 29th day of March, 2007.

JPMORGAN CHASE BANK, as  
Administrative Agent and as a Bank

By: [Signature]  
Name: Katharine W. Orton  
Title: Managing Director

BAYERISCHE LANDESBANK  
Acting through its New York Branch

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE STREET BANK AND TRUST  
COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED AND AGREED TO BY:  
CITY OF AUSTIN, TEXAS

By: [Signature]  
Name: ART ALFARO  
Title: CITY TREASURER

The foregoing terms and conditions are hereby accepted and agreed to as of the 29th day of March, 2007.

JPMORGAN CHASE BANK, as  
Administrative Agent and as a Bank

By: \_\_\_\_\_  
Name: Katharine W. Orton  
Title: Managing Director

BAYERISCHE LANDESBANK  
Acting through its New York Branch

By: Miller  
Name: Thomas A. Miller  
Title: Vice President

By: Schnepp  
Name: George J. Schnepp  
Title: Vice President

STATE STREET BANK AND TRUST  
COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED AND AGREED TO BY:  
CITY OF AUSTIN, TEXAS

By: Art Alfaro  
Name: ART ALFARO  
Title: CITY TREASURER

The foregoing terms and conditions are hereby accepted and agreed to as of the 29th day of March, 2007.

JPMORGAN CHASE BANK, as  
Administrative Agent and as a Bank

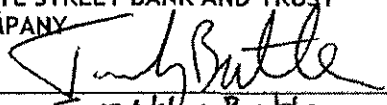
By: \_\_\_\_\_  
Name: Katharine W. Orton  
Title: Managing Director

BAYERISCHE LANDESBANK  
Acting through its New York Branch


By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE STREET BANK AND TRUST  
COMPANY

By:   
Name: Timothy Butler  
Title: Senior Vice President

ACCEPTED AND AGREED TO BY:  
CITY OF AUSTIN, TEXAS

By:   
Name: ART ALCARO  
Title: CITY TREASURER